

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



**FISCAL NOTE**

**SB 415 - HB 1208**

February 20, 2019

**SUMMARY OF BILL:** Requires certain insurers that provide major medical insurance coverage to make available coverage for stem cell therapy, on an optional basis as part of or as an endorsement to each such policy that is issued, delivered, issued for delivery, or renewed in this state, on or after January 1, 2020.

**ESTIMATED FISCAL IMPACT:**

**Increase State Expenditures - \$9,432,000**

**Potential Impact on Health Insurance Premiums (required by Tenn. Code Ann. § 3-2-111):** Such legislation will result in an increase in the cost of health insurance premiums for procedures and treatments being provided by plans that do not currently offer these benefits at the proposed mandated levels. It is estimated that the increase to each individual's total premium will be less than one percent. A one percent increase in premium rates could range between \$50 (single coverage) and \$140 (family coverage) depending on the type of plan.

**Assumptions:**

- The Affordable Care Act requires states to defray the costs of state-mandated benefits in qualified health plans (QHPs) that are in excess of the essential health benefits (EHB).
- The state will be required to defray the cost of benefits required in the proposed legislation because the benefits exceed those provided under Tennessee's EHB benchmark plan.
- Based on information provided by the Department of Commerce and Insurance (DCI), it is estimated there will be a total QHP population of approximately 200,000 for calendar year 2019. As of January 1, 2019, DCI surveys showed approximately 190,000 individuals were covered on the exchange and approximately 10,000 individuals were covered off the exchange.
- The state would be responsible for the amount of premium attributed to the new benefit or the insurance carrier's actual costs. The estimate in this fiscal note assumes the state will reimburse the health insurance carrier for the amount of premium attributed to the new benefit.
- Based on cost data estimates from a carrier currently offering QHPs in Tennessee, it is estimated that the annual increase for the new benefit is \$3.93 per member per month.

- The recurring increase in state expenditures is estimated to be \$9,432,000 (200,000 individuals x \$3.93 per member x 12 months) due to the multiple treatments for which the state would be required to defray the cost.
- The proposed legislation does not apply to the state or local government insurance programs or Medicare programs; therefore, any fiscal impact to the Department of Finance, Benefits Administration, and Division of TennCare is estimated to be not significant.

## **IMPACT TO COMMERCE:**

**Increase Business Revenue - \$9,432,000**

**Increase Business Expenditures – Less than \$9,432,000**

Assumptions:

- Healthcare providers will experience a recurring increase in business revenue for providing services estimated to be \$9,432,000.
- The recurring increase in business expenditures is estimated to be less than \$9,432,000 for companies to retain solvency.

## **CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink that reads "Krista Lee Carsner". The signature is written in a cursive, flowing style.

Krista Lee Carsner, Executive Director

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